

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: HIGH-VOLTAGE TRANSMISSION PROJECTS	DOCKET NO. NOI-2011-0002
---	--------------------------

ORDER SCHEDULING WORKSHOP

(Issued July 6, 2012)

I. INTRODUCTION

Iowa has been at the forefront of large-scale wind-driven electric generation development. Iowa also has significant potential to produce additional wind-driven energy, particularly in the western part of the state. However, for Iowa's wind-energy potential to be fully realized, additional transmission will likely be required because of indications that electric transmission lines in Iowa and transmission interconnections with other states are at or near capacity at many times.

Because of the importance of transmission to the development and delivery of wind energy in Iowa, the Utilities Board (Board) initiated a notice of inquiry on August 16, 2011, asking for information from transmission developers on planned major transmission projects that would carry electricity through or into or out of parts of Iowa. The initial inquiry questions were for transmission developers or proponents of various publicly-announced transmission projects. On October 3, 2011, comments

were filed by the Iowa Association of Electric Cooperatives, MidAmerican Energy Company (MidAmerican), ITC Holdings Corporation, Rock Island Clean Line LLC (Clean Line), and Wind on Rails, Inc. (WOR).

After transmission developers filed their initial comments, stakeholders were given the opportunity to comment on the proposed projects or provide other information that they believed was relevant to the inquiry. On November 3, 2011, comments were filed by Ag Processing Inc., the Iowa Association of Municipal Utilities (IAMU), Wind on the Wires (WOW), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), Interstate Power and Light Company (IPL), Missouri River Energy Services (MRES), the Environmental Law and Policy Center and Iowa Environmental Council (Environmental Group), the Resale Power Group of Iowa, and the Midwest Independent Transmission System Operator, Inc (MISO). Late-filed comments were submitted by the Iowa Chapter of the Sierra Club.

The Board issued an order on November 4, 2011, giving all inquiry participants an opportunity to submit reply comments. MidAmerican, MISO, IPL, Clean Line, and WOW submitted reply comments.

A detailed summary of the comments is part of a memorandum to the Board from its staff dated May 16, 2012; a copy of this memorandum is available through the Board's electronic filing system, <https://efs.iowa.gov/efs/>. The detailed summary of comments is Attachment F to the memorandum. Other attachments to the memorandum include a list of the inquiry questions (Attachment A) and a list of

acronyms used throughout the memorandum (Attachment G). Not all inquiry participants responded to each question and some participants provided additional information beyond the specific questions asked. For interested persons who do not have Internet access, the staff memorandum is available for viewing on public computers at the Board's Records Center during normal business hours (Monday through Friday, 8 a.m. to 4:30 p.m.); the Board's offices are located at 1375 E. Court Avenue, Room 69, Des Moines, IA 50319. Also, a paper copy can be ordered by calling the Records Center at 515-725-7337. There is a charge for a paper copy.

II. SPECIFIC PROJECTS

The inquiry was successful on two fronts. First, the inquiry gathered in one place information on specific projects being planned for Iowa by various utilities and independent developers. Second, the inquiry received comments from stakeholders on transmission-related policies. The Board will briefly address the specific projects; more details concerning these projects are contained in the staff memorandum.

Several projects are in various stages of development. During the inquiry, MISO's Board of Directors approved certain multi-value projects (MVPs) as part of its transmission expansion planning process; a total of 17 projects were selected.

MidAmerican and ITC discussed several MVP projects (Projects 3, 4, 7, and 16) in their comments. These projects, if completed, are intended to improve Iowa's transmission system reliability by relieving congestion in some areas and providing additional paths for power delivery, including wind generation. It is estimated that the

MVP improvements could support an additional 5,450 MW of nameplate generating capacity in the Iowa wind zones. These projects, when combined with other MVP projects, would create new transmission paths between Iowa and Illinois, Wisconsin, and Missouri.

The MVP projects, if completed, represent a substantial investment.

MidAmerican said its share of the estimated total MVP cost of \$5.2 billion will be over \$500 million. However, MidAmerican said that even with this investment, transmission would remain a relatively small part of its residential customers' bill and pointed out the significant value over cost estimated from the totality of the MVP projects.

MISO's MVPs encompass some of what has been proposed. For example, ITC said that its proposed Green Power Express line, which would cross seven states (including Iowa), is not in an active planning stage. However, ITC said that it envisions that with current and future MVP projects designated by MISO, a high-voltage network functionally equivalent to the Green Power Express will ultimately be completed.

III. POLICY COMMENTS

Various policy concerns and recommendations were made by several commenters. MRES is concerned that return on equity adders awarded by the Federal Energy Regulatory Commission (FERC) for interregional transmission projects could substantially increase transmission project costs. Consumer Advocate

also had cost concerns, pointing out perceived flaws in the FERC-approved MISO MVP portfolio cost allocation mechanism and what it views as a lack of careful attention to specific project need. IAMU asks that municipal utilities be able to participate in large transmission projects as a way to mitigate their cost impacts on municipal utilities.

WOW noted that the information submitted in the inquiry demonstrated a need for transmission expansion to further Iowa's clean energy and economic development goals. The Environmental Group said that transmission lines with negative impacts should not be built and that policy makers should ask such questions as whether transmission line construction could be avoided by increasing energy efficiency and demand side management at a lower cost. The Sierra Club recommended that any new transmission should prioritize access by renewable energy sources.

Several commenters said that direct current lines, such as those proposed by Clean Line and WOR, need to be vetted through an inter-regional planning process. IPL also said such a process needs to be utilized for any inter-regional proposals like the Green Power Express.

III. SCHEDULING WORKSHOP

Transmission planning is not a static process. Since the inquiry began, events such as MISO's announcement of the MVP projects have impacted the planning process. To conclude the inquiry process, the Board believes it would be beneficial to have a concluding workshop where staff would present its inquiry findings, project

sponsors would have the opportunity to update their project's status, and stakeholders would have an opportunity to summarize their policy concerns or provide updated information about those concerns.

The workshop will be held on Tuesday, August 28, 2012, beginning at 9:30 a.m. in the Hearing Room at the Board's offices, 1375 E. Court Avenue, Des Moines, Iowa. Staff will present its inquiry findings and then each project's sponsor will have ten minutes to provide a project update and address any other issues relevant to the inquiry. Stakeholders will then each have ten minutes to summarize or update their policy concerns and address other issues relevant to the inquiry. If time allows, participants will be allowed to make additional or reply comments. The workshop should conclude by 1 p.m.

IV. ORDERING CLAUSE

IT IS THEREFORE ORDERED:

A workshop is scheduled for Tuesday, August 28, 2012, at 9:30 a.m., to allow Board's staff to present its inquiry findings and to allow project sponsors and other stakeholders an opportunity to provide project updates, policy summaries, and address other issues relevant to the inquiry. The workshop shall be held in the Hearing Room at the Board's offices, 1375 E. Court Avenue, Des Moines, Iowa. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at (515) 725-7334 at least five days in advance

of the scheduled date to request that appropriate arrangements be made. The workshop should conclude by 1 p.m.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Darrell Hanson

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Swati A. Dandekar

Dated at Des Moines, Iowa, this 6th day of July 2012.